

120 FERC ¶ 61,115  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

LSP Kendall Energy, LLC

ER06-1131-000

ORDER ON UNCONTESTED SETTLEMENT

(Issued July 31, 2007)

1. On January 9, 2007, LSP-Kendall Energy, LLC (LSP-Kendall), Dynegy Power Marketing, Inc. (Dynegy), Constellation Energy Commodities Group (Constellation), and Exelon Corporation (Exelon) on behalf of Commonwealth Edison Company (ComEd) (collectively, the Settling Parties) filed an uncontested Offer of Settlement (Settlement) resolving all issues set for hearing in this docket.<sup>1</sup> The dispute involved the just and reasonable rate for Reactive Supply and Voltage Control from Generation Sources Service (Reactive Supply Service) within the Commonwealth Edison service area. The Commission finds that the Settlement is in the public interest and approves the Settlement. The Commission also accepts the accompanying proposed revised Schedule 2 tariff sheets.

2. On June 13, 2006, LSP-Kendall filed its proposed Schedule 2 rate schedule for the revenue requirement for the provision of Reactive Supply Service within the Commonwealth Edison service areas. On June 30, 2006, Exelon filed a motion to intervene and protest. On July 5, 2006, PJM filed a motion to intervene and comment, and Constellation and Dynegy filed motions to intervene. On July 17, 2006, LSP-Kendall filed an answer.

3. The Commission issued an order on August 11, 2006 accepting the LSP-Kendall Reactive Supply Service rate schedule for filing, suspended the proposed rate for a nominal period, to be effective August 1, 2006, subject to refund, and established hearing and settlement judge procedures to examine the justness and reasonableness of LSP-

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<sup>1</sup> *LSP-Kendall Energy, LLC*, 116 FERC ¶ 61,136 (2006). See also *LSP-Kendall Energy, LLC*, 117 FERC ¶ 61,004 (2006) (Order Granting Request for Clarification of Issues Set For Hearing and Settlement Judge Proceedings).

Kendall's proposed Reactive Supply Service rates. On August 16, 2006, Judge Judith A. Dowd was appointed to be the settlement judge for this proceeding. As a result of the ensuing settlement discussion, the parties reached agreement resolving all issues in this docket.

4. On January 17, 2006, FERC Trial Staff submitted comments not opposing the Settlement. On February 12, 2007, Judge Dowd certified the Settlement to the Commission as uncontested,<sup>2</sup> and thereafter the Settlement judge procedures were terminated and the hearing order by the Commission was determined to not be necessary.<sup>3</sup>

5. Under the terms of the Settlement, the Settling Parties agree that the revised LSP-Kendall Rate Schedule, with an effective date of August 1, 2006, shall supersede the LSP-Kendall Rate Schedule previously accepted and suspended by the Commission. The revised Rate Schedule reflects the parties' agreement to reduce the LSP-Kendall's annual revenue requirement for Reactive Supply Service to \$1,600,000.00. LSP-Kendall is to pay interest on refunds pursuant to section 35.19a of the Commission's regulations.<sup>4</sup> Within fifteen (15) days after making such refunds, a refund report shall be filed with the Commission.

6. Further, the Settlement provides that LSP-Kendall will give 60 days' notice, or as much notice as is reasonably practicable, to ComEd, ReliabilityFirst and PJM prior to LSP-Kendall removing one of its four units from service, and will file for a one-fourth reduction in its Annual Revenue Requirement and total monthly charge. If LSP-Kendall later reactivates the unit, it will give notice and will make a filing with the Commission to reinstate the reduced amount. Exelon, Dynegy, Constellation and any subsidiary or affiliate of these entities will not oppose such a filing, as long as there are no material changes in the reactive capability of the unit. Finally, the Settlement provides that if the Commission changes its current rules regarding Reactive Supply Service, the Settlement shall not be read to grandfather the revenue requirement indicated in the revised LSP-Kendall Rate Schedule.

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<sup>2</sup> 118 FERC ¶ 63,025 (2007).

<sup>3</sup> Order of Chief Judge Terminating Settlement Judge Procedures, February 13, 2007.

<sup>4</sup> 18 C.F.R. § 35.19a (2007).

7. The Commission finds that the proposed Settlement is fair and reasonable and in the public interest. Accordingly, the Commission approves the proposed Settlement. The Settlement's revised rate schedule is in compliance with Order No. 614.<sup>5</sup> The Commission's approval of the Settlement does not constitute approval of, or precedent regarding, any principle or interest in this proceeding.

8. The Settlement also provides that the just and reasonable standard governs all future changes to this agreement by the parties and the Commission.<sup>6</sup> The Commission retains the right to investigate the rates, terms and conditions under the just and reasonable and not unduly discriminatory or preferential standard of section 206 of the Federal Power Act, 16 U.S.C. § 824e (2006).

9. This order terminates Docket No. ER06-1131-000. A new subdocket will be assigned to Docket No. ER06-1131 upon the filing of the required refund report.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>5</sup> See *Designation of Electric Rate Schedule Sheets*, Order No. 614, 65 Fed. Reg. 18,221 (FERC Statutes & Regulations, Regulations Preambles July 1996-December 2000 ¶ 31,096).

<sup>6</sup> Settlement at P 21.